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PATENT AND TRADEMARK OFFICE



A faint technical drawing of a mechanical assembly is visible in the background, featuring various numbered callouts such as 40, 80, 84, 86, 82, 56, 62, 58, 28, 38, 42, 54, 46, 64, 340, and 66. The drawing is rendered in a light gray color, providing a technical and engineering context for the patent-related content.

Patent Trial and Appeal Board (PTAB) Boardside Chat: Final Rules on Director Review, Motion to Amend procedure, and expanding opportunities to appear before PTAB

Tom Krause, Director Review Executive

Miriam Quinn, Acting Vice Chief Administrative Patent Judge

James Worth, Acting Senior Lead Administrative Patent Judge

Scott Moore, Acting Senior Lead Administrative Patent Judge

Michael Cygan, Administrative Patent Judge

October 17, 2024



UNITED STATES
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Question/comment submission

To send in questions or comments during the webinar, please email:

- PTABBoardsideChat@uspto.gov

Agenda

- Final rules governing Director Review of PTAB decisions in America Invents Act (AIA) proceedings
- Final rules on PTAB's Motion to Amend procedure in AIA proceedings
- Final rules on expanding opportunities to appear before PTAB

**Final rules governing
Director Review of PTAB decisions**

Background: Director Review

- On June 21, 2021, the Supreme Court issued its decision in *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1986 (2021)
 - Addressed the Constitution’s Appointments Clause as it relates to administrative patent judges (“APJs”)
 - The Court held that “the unreviewable authority wielded by APJs during inter partes review is incompatible with their appointment by the Secretary to an inferior office”
- The Court’s remedy provides that the Director “may review final PTAB decisions and, upon review, may issue decisions [themselves] on behalf of the Board”

Background:

Updates and request for comments

- On June 29, 2021, the Office implemented an interim process for Director Review, consistent with *Arthrex*
- On April 22, 2022, the USPTO published two webpages to increase openness as it formalized the interim Director review process
- On July 20, 2022, the USPTO published a request for comments
- On July 24, 2023, the USPTO released its revised interim Director Review process

Background: NPRM and comments

- On April 16, 2024, the USPTO issued an NPRM titled “Rules Governing Director Review of Patent Trial and Appeal Board Decisions”
- The Office received a total of 12 comments from eleven organizations and one individual
- Commenters were generally supportive of the proposed rule and agreed that the rule would promote the accuracy, consistency, and integrity of PTAB decision-making in AIA proceedings

Some suggestions from commentators

- Several comments suggested adding formal standards of review by the Director.
 - The Office decided not to codify a standard of review at this time because the Supreme Court's decision in *Arthrex* does not limit or prescribe the standard by which the Director conducts that review.
 - The Office provides standards of review on the Director Review webpage.
 - **Decisions on institution:** request should identify an abuse of discretion or important issues of law or policy.
 - **Final written decisions:** request may also identify an erroneous finding of material fact or erroneous conclusions of law.

Some other suggestions from commentators

- Several comments also requested that the Director Review process include decisions beyond those in *inter partes* review and post grant review to include derivations and appeals from *ex parte* examination and *ex parte* reexamination and reissue applications.
 - A year ago last July, the Office broadened the Director Review process to include decisions on institution.
 - In the final rule, the Office further broadened the process to include derivations, and also to include decisions terminating AIA proceedings other than a final written decision, such as an adverse judgment or a dismissal of the proceeding. This is consistent with *Arthrex*. The Office did not include other types of proceedings at this time.
 - *Ex parte* appeals are currently covered by the Appeals Review Panel.

Final rules

- On October 1, 2024, the Office published final rules
 - i.e., “Rules Governing Director Review of Patent Trial and Appeal Board Decisions”
 - The effective date of the final rules is October 31, 2024
- The rules formalize key aspects of the interim Director Review process
- Some differences in the rules from the NPRM:
 - The final rules also include derivations
 - In addition to covering decisions on institution, the final rules use the term “final decision” to refer to final written decisions in IPRs and PGRs and final decisions in derivations
 - The final rules also explicitly provide for review of any other decision that concludes an AIA proceeding, including an adverse judgment.

Director Review webpage

- Parties may still look to the Director Review webpage for implementation details
- The webpage will be updated before the effective date of the Rules
- The Director Review status page will continue to be maintained at
 - www.uspto.gov/patents/patent-trial-and-appeal-board/status-director-review-requests



Provisions: Generally

- Section 42.75(a)
 - Consistent with the current interim process, a party may only request Director Review of:
 - a **decision** on whether to **institute** an AIA trial,
 - a **final decision** in an AIA proceeding, or
 - a panel decision **granting** a request for **rehearing** of a decision on whether to institute a trial or a final decision in an AIA proceeding
 - any **other decision concluding** an AIA trial
 - For purposes of this section, the term “final decision” is defined as a “final decision” under 35 U.S.C. § 135 as well as a “final written decision” under 35 U.S.C. §§ 318 or 328

Sua sponte

- Section 42.75(b)
 - The Director may grant review *sua sponte*
 - Initiation of *sua sponte* review will be within 21 days after expiration of the period for filing a request for rehearing, pursuant to § 42.71(d), absent exceptional circumstances

Requests and timing

- **Section 42.75(c)**
 - A party to a proceeding under part 42 may file one request for Director Review of a decision as provided in paragraph (a) of this section, instead of filing a request for rehearing of that decision pursuant to § 42.71(d), subject to the limitations herein and any further guidance provided by the Director
- **Section 42.75(c)(1)**
 - A request for Director Review must be filed within the time period set forth in § 42.71(d) unless an extension is granted by the Director upon a showing of good cause

Format, length, and content

- **Section 42.75(c)(2)**
 - Requests are subject to
 - length limitations (i.e., 15 pages) of 37 C.F.R. § 42.24(a)(1)(v), and
 - formatting requirements of 37 C.F.R. § 42.6(a)
 - submission details are available on the webpage
- **Section 42.75(c)(3)**
 - No new evidence unless authorized by the Director

Final agency decision

- Section 42.75(d)
 - A decision on institution, a final decision, or a decision granting rehearing of such decision on institution or final decision, or any other decision concluding a proceeding shall become the final agency decision unless:
 - (1) A party requests rehearing or Director Review within the time provided by § 42.71(d), or an extension of time for a request for Director Review is granted; or
 - (2) The Director initiates *sua sponte* review as provided by § 42.75(b). Upon denial of a request for Director Review of a final decision, of a decision granting rehearing of a final decision, or any other decision concluding a proceeding, the Board's decision becomes the final agency decision

Effect on underlying proceeding and grant and scope

- Section 42.75(e)(1)
 - A request for Director Review or the initiation of review on the Director's own initiative does not stay the time for the parties to take action in the underlying proceeding
- Section 42.75(e)(2)
 - If the Director grants Director Review, the Director shall issue an order or decision that will be made part of the public record, subject to the limitations of any protective order entered in the proceeding or any other applicable requirements for confidentiality
 - If the Director grants review and does not subsequently withdraw the grant, the Director Review will conclude with the issuance of a decision or order that provides the reasons for the Director's disposition of the case

Appeal and delegation

- Section 42.75(e)(3)
 - A Director Review decision of a final decision, or a decision granting rehearing of a final decision, or any other appealable decision concluding a proceeding, is appealable using the same procedures under 35 U.S.C. §§ 141(c), 141(d), 319
 - A request for Director Review or the initiation of *sua sponte* Director Review will be treated as a request for rehearing under § 90.3(b)(1) and will reset the time for appeal until after all issues on Director Review in the proceeding are resolved
- Section 42.75(f)
 - The Director may delegate their review of a decision provided in paragraph (a), subject to any conditions provided by the Director

***Ex parte* communications**

- Section 42.75(g)
 - All communications from a party to the Office concerning a specific Director Review request or proceeding must copy counsel for all parties
 - Communications from third parties regarding a specific Director Review request or proceeding, aside from authorized amicus briefing, are not permitted and will not be considered

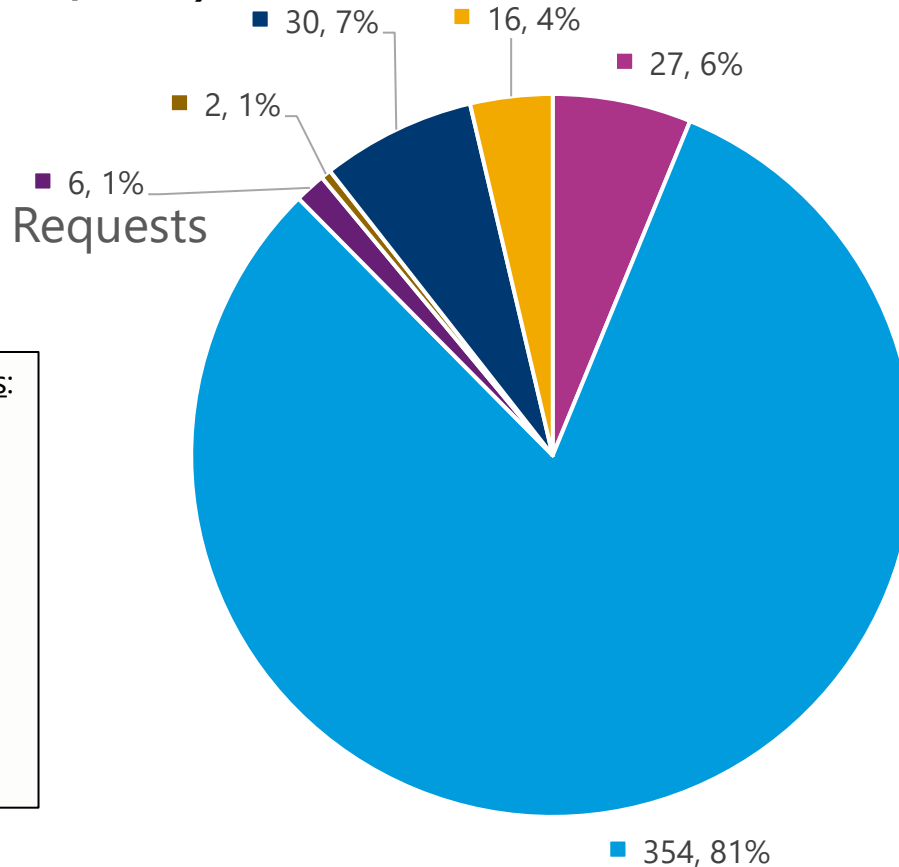
Director Review help

- For help with PRACTS and other filing related issues
 - Email Trials@uspto.gov
 - Call 571-272-7882
- For help with issues specific to a Director Review request
 - Email [Director PTABDecision Review@uspto.gov](mailto:Director_PTABDecision_Review@uspto.gov)
 - Always copy counsel for all parties to a proceeding
- The Director Review status lists decisions by issue:
 - www.uspto.gov/patents/patent-trial-and-appeal-board/status-director-review-requests



Director Review: Statistics

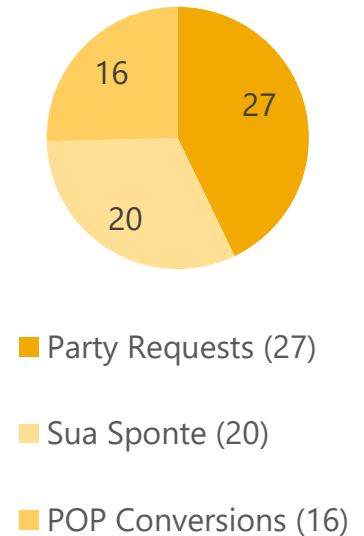
(through October 1, 2024)



419 compliant requests:

- 157 requests from Final Written Decisions
- 144 requests from Decisions on Institution
- 118 limited remands post-*Arthrex*

Grants



Question/comment submission

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**Final rules on PTAB's Motion
to Amend procedure in
AIA proceedings**

Current MTA practice: Pilot Program

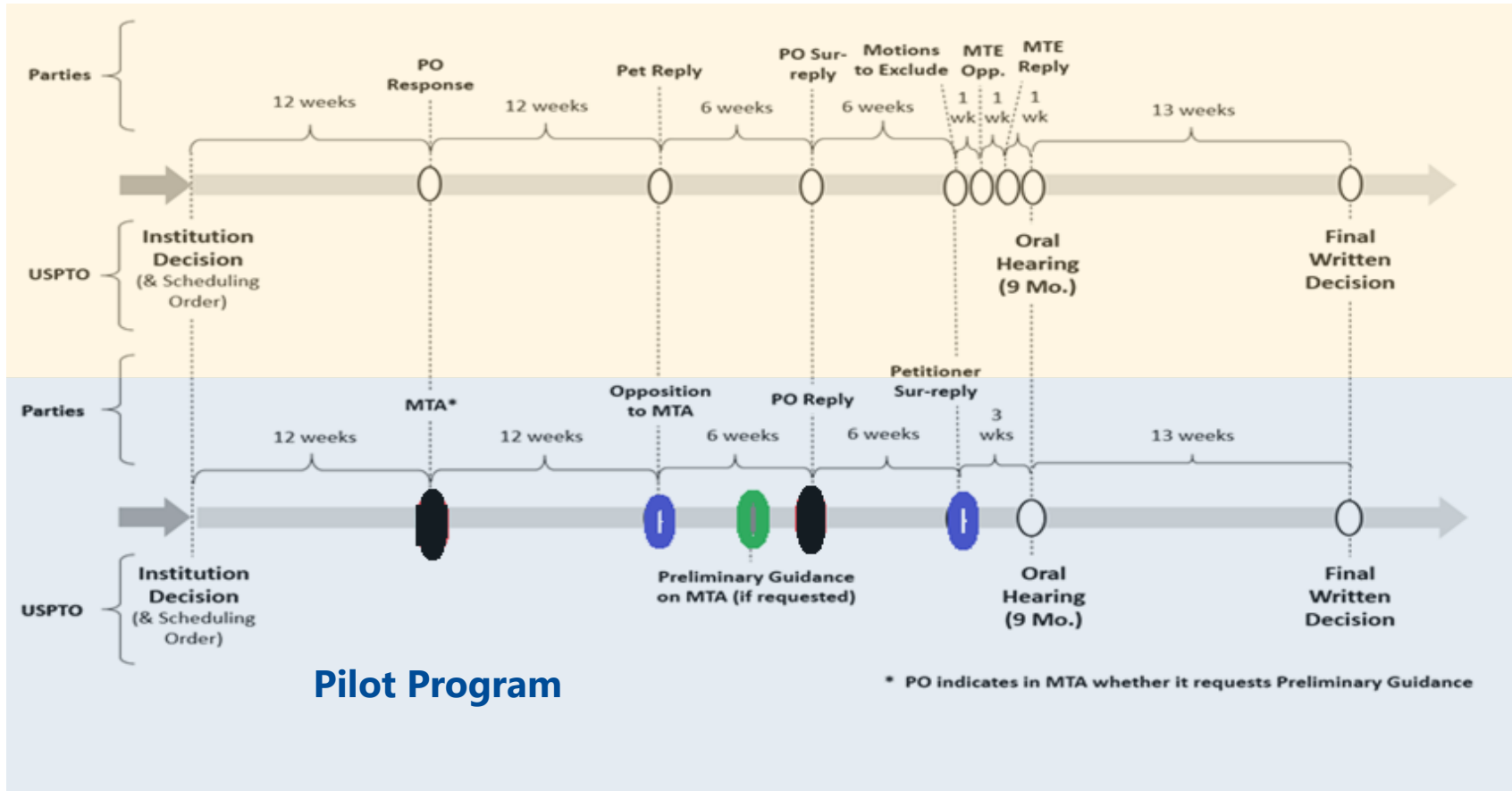
- MTA Pilot Program
 - Implemented March 15, 2019
 - Applies to all AIA trials post-implementation date
 - Extended through March 31, 2025
 - www.federalregister.gov/documents/2019/03/15/2019-04897/notice-regarding-a-new-pilot-program-concerning-motion-to-amend-practice-and-procedures-in-trial

MTA Pilot Program recap

- Provides patent owner (PO) with two options not previously available:
 - **Option 1:** PO may choose to receive preliminary guidance (PG) from Board on its motion to amend
 - **Option 2:** PO may choose to file a revised MTA after receiving petitioner's opposition to initial MTA and/or after receiving Board's PG (if requested)
- PO may elect either or both options
- MTAs may be contingent or non-contingent



Schedule entered at institution (Appendix 1A)



MTA Burdens of Persuasion

- December 2020 revisions to rules to allocate MTA burdens
- 37 CFR §§ 42.121(d)(1), 42.221(d)(1)
 - Burden on Patent Owner: statutory and regulatory requirements
 - (1) reasonable number of proposed substitute claims; (2) must respond to a ground of unpatentability; (3) may not enlarge scope of claims; (4) may not introduce new matter
- 37 CFR §§ 42.121(d)(2), 42.221(d)(2)
 - Burden on Petitioner: Unpatentability
 - Prior art which anticipates or renders obvious
 - Issues that come up that a panel would not address on the original claims in an IPR, such as subject matter eligibility, indefiniteness, or enablement
- *Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-01129, 01130, Paper 15 (PTAB Feb. 25, 2019) (precedential) (providing information and guidance regarding motions to amend).

MTA NPRM and comments

- On March 4, 2024, the USPTO issued an NPRM titled “Motion To Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board”
- The Office received a total of six comments from five organizations and one individual
- Commenters were generally supportive of the proposed rule and the Motions to Amend pilot program

Some suggestions from commentators

- Expressly allowing extensions of time for the final written decision and for filing MTA-related briefs
- Allowing petitioner to file a sur-reply
- Clarifying the manner in which patent owner identifies written description support for the proposed substitute claims
- Not limiting the Board's request for examination assistance to situations in which no petitioner opposes or all petitioners cease to oppose a motion to amend

Motion to Amend final rule

- The final rule on MTA procedure was published on September 18, 2024
- Makes the Pilot Program permanent
- The effective date of the new rule is October 18, 2024
 - 42 C.F.R. § 42.121 (IPR) and § 42.221 (PGR)

Motion to Amend final rule

Available at:

- www.federalregister.gov/documents/2024/09/18/2024-21134/rules-governing-motion-to-amend-practice-and-procedures-in-trial-proceedings-under-the-america

Overview of rule changes

Prior rule §42.121

R. 121(a): timing, scope,
number of substitute claims

R. 121(b): listing of substitute
claims, support in disclosure(s)

R. 121(c): additional MTA

R. 121(d): parties' burden of
persuasion; Board discretion

§ 42.121 Amendment of the patent.

- (a) **Motion to amend.** A patent owner may file one motion to amend a patent, but only after conferring with the Board.
- (1) **Due date.** Unless a due date is provided in a Board order, a motion to amend must be filed no later than the filing of a patent owner response.
- (2) **Scope.** A motion to amend may be denied where:
- (i) The amendment does not respond to a ground of unpatentability involved in the trial; or
- (ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.
- (3) **A reasonable number of substitute claims.** A motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims. The presumption is that only one substitute claim would be needed to replace each challenged claim, and it may be rebutted by a demonstration of need.
- (b) **Content.** A motion to amend claims must include a claim listing, which claim listing may be contained in an appendix to the motion, show the changes clearly, and set forth:
- (1) The support in the original disclosure of the patent for each claim that is added or amended; and
- (2) The support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.
- (c) **Additional motion to amend.** In addition to the requirements set forth in paragraphs (a) and (b) of this section, any additional motion to amend may not be filed without Board authorization. An additional motion to amend may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement. In determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in paragraph (a)(1) of this section.
- (d) **Burden of Persuasion.** On a motion to amend:
- (1) A patent owner bears the burden of persuasion to show, by a preponderance of the evidence, that the motion to amend complies with the requirements of paragraphs (1) and (3) of 35 U.S.C. 316(d), as well as paragraphs (a)(2), (a)(3), (b)(1), and (b)(2) of this section;
- (2) A petitioner bears the burden of persuasion to show, by a preponderance of the evidence, that any proposed substitute claims are unpatentable; and
- (3) Irrespective of paragraphs (d)(1) and (2) of this section, the Board may, in the interests of justice, exercise its discretion to grant or deny a motion to amend only for reasons supported by readily identifiable and persuasive evidence of record. In doing so, the Board may make of record only readily identifiable and persuasive evidence in a related proceeding before the Office or evidence that a district court can judicially notice. Where the Board exercises its discretion under this paragraph, the parties will have an opportunity to respond.

[77 FR 48727, Aug. 14, 2012, as amended at 80 FR 28566, May 19, 2015; 85 FR 82935, Dec. 21, 2020]

Changes to rule § 42.121

PRIOR

(a): timing, scope, number of substitute claims

(b): listing of substitute claims, support in disclosure(s)

(c): additional MTA

(d): parties' burden of persuasion; Board discretion

FINAL RULE

(a):

- Adds timing for PG request
- Accounts for Revised MTAs

(b): substantively unchanged

(c): substantively unchanged

(d):

- Adds Board discretion for new ground
- New Board evidence need not be "readily identifiable and persuasive"
- Board-requested examination assistance

(e): Preliminary Guidance

(f): Revised MTA

Changes to rule § 42.121

FINAL RULE

(a):

- Adds timing for PG request
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(c): substantively unchanged

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- Adds Board discretion for new ground
- New Board evidence need not be "readily identifiable and persuasive"
- Board-requested examination assistance

(e): Preliminary Guidance

(f): Revised MTA

Board
discretion

MTA
Pilot

37 C.F.R. §§ 42.121 (a),(e),(f)

MTA Pilot implementation and parties' burdens in a MTA

Making permanent the MTA Pilot Program options

- Preliminary Guidance = 37 C.F.R. § 42.121(e)
- Revised Motion to Amend = 37 C.F.R. § 42.121(f)
- Board will continue to apply the pilot program timelines for briefs
- Rule describes deadline extensions possible upon receiving preliminary guidance or revised motion to amend

Parties' burdens: Remain unchanged

(d)(1)-(2) Burdens of Persuasion for Patent Owner and Petitioner

- Unchanged since 2021's burden-allocation rules

(d) *Burden of persuasion.* On **any** motion to amend:

(1) *Patent owner's burden.* A patent owner bears the burden of persuasion to show, by a preponderance of the evidence, that the motion to amend complies with the requirements of paragraphs (1) and (3) of 35 U.S.C. 316(d), as well as paragraphs (a)(2) and (3) and (b)(1) and (2) of this section;

(2) *Petitioner's burden.* A petitioner bears the burden of persuasion to show, by a preponderance of the evidence, that any proposed substitute claims are unpatentable; and

Board-raised grounds

Board discretion

(d)(3) Board discretion

- Adds “raise a new ground”
- Adds notice to parties
- Removes “interests of justice” qualifier*
- Removes “only for reasons supported by readily identifiable and persuasive evidence of record” qualifier** (see (d)(4))

(d) *Burden of persuasion.* On **any** motion to amend:

(3) *Exercise of Board discretion.* Irrespective of paragraphs (d)(1) and (2) of this section, the Board may* exercise its discretion to grant or deny a motion to amend** **or raise a new ground of unpatentability in connection with a proposed substitute claim. Where the Board exercises its discretion to raise a new ground of unpatentability in connection with a proposed substitute claim,** the parties will have notice and an opportunity to respond. **In the exercise of this discretion under this paragraph (d)(3), the Board may consider all evidence of record in the proceeding.**

Board-added evidence

(d)(3)(i) Board may add to record:

- “Any evidence” in a related proceeding; no longer limited to “readily identifiable and persuasive evidence”

(d) *Burden of persuasion.* On any motion to amend:

(3) *Exercise of Board discretion.*

. . . The Board also may consider and make of record:

(i) Any evidence in a related proceeding before the Office and evidence that a district court can judicially notice

Examination assistance

(d)(3)(ii) Board may add to record:

- “Information” from examination assistance requested from the Board.

(d) *Burden of persuasion*. On any motion to amend:

(3) *Exercise of Board discretion*.

. . . The Board also may consider and make of record:

(ii) Information identified in response to a Board-initiated examination assistance. The Board may request the examination assistance at any time after any motion to amend has been filed if no petitioner opposes or all petitioners cease to oppose the motion to amend, or if the Board determines that a deficient prior art challenge in an opposition to the motion to amend warrants a search for additional prior art. The Board’s request for examination assistance and the results of such assistance will be made of record.

Board determination on a new ground of unpatentability

(d)(4): Determination of unpatentability

- New section setting forth a preponderance of the evidence standard

(4) *Determination of unpatentability.* Where the Board exercises its discretion under paragraph (d)(3) of this section, the Board must determine unpatentability based on a preponderance of the evidence.

Examination assistance

Examination assistance

Board may request examination assistance after MTA:

- After MTA filing at any time
- If no opposition or all ceased opposition
- If prior art challenge in an opposition is deficient and warrants additional search.

Note: even if there is no opposition, the Board is not required to request examination assistance.

Question/comment submission

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**Final rules on expanding
opportunities to appear before PTAB**

Background

- As part of the USPTO's focus on expanding American innovation for and from all, the USPTO has been examining the rules governing practice before the Office.
- For example, the USPTO recently expanded admission criteria for patent bar applicants and established a new design patent bar.
- This Final Rule updates the rules governing practice before the Patent Trial and Appeal Board in AIA trials to simplify and streamline the *pro hac vice* admission process and reduce litigation costs while ensuring parties continue to receive high-quality representation.



Request for Comments

- On October 18, 2022, the USPTO issued a Request for Comments (87 FR 63047) seeking input on:
 1. whether the USPTO should permit non-registered attorneys to appear as lead counsel in AIA proceedings;
 2. whether the USPTO should establish a new procedure by which non-registered attorneys could be admitted to practice before the PTAB;
 3. what impact various proposals would have on the cost of representation; and
 4. whether any changes should be implemented initially as a pilot program.
- **Nine comments were received.**



Notice of Proposed Rulemaking

- On February 24, 2024, after considering public input, the USPTO issued a Notice of Proposed Rulemaking (89 FR 13017), which proposed to:
 1. permit parties to proceed without separate back-up counsel upon a showing of good cause;
 2. permit non-registered attorneys admitted *pro hac vice* to serve as lead counsel, so long as a registered practitioner served as back-up counsel;
 3. create a new, streamlined procedure for *pro hac vice* admission for attorneys who have previously been recognized by the Board; and
 4. clarify the disclosure duties of those admitted *pro hac vice*.
- Seven additional comments were received.



Final rules

- The Final Rules on Expanding Opportunities to Practice Before the Patent Trial and Appeal Board (89 FR 82172) published on October 10, 2024. These rules:
 1. permit parties to proceed without separate back-up counsel upon a showing of good cause;
 2. create a new, streamlined and fee-free procedure for *pro hac vice* admission for attorneys who have previously been recognized by the Board; and
 3. clarify the disclosure duties of those admitted *pro hac vice*.
- Effective date November 12, 2024.



Final rules (cont.)

- In response to stakeholder input, the USPTO is not moving forward at this time with a final rule permitting non-registered attorneys admitted *pro hac vice* to serve as lead counsel.
 - USPTO will instead explore a pilot project under which non-registered counsel would be permitted to serve as lead counsel in some circumstances.
 - The USPTO may consider moving forward at a future date with a rule permitting non-registered counsel to serve as lead counsel in AIA proceedings.

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